



Research Article

A study of the effect of marketing and sales on customer participation and its role in the company's financial performance and market success (Case study: factories in Shiraz industrial park)

Hadi Mazarei

*Department of Management, Zarghan Branch, Islamic Azad University, Zarghan, Iran.***ARTICLE INFO***Article history:**Received 18 September 2017**Received in revised 20 December 2017**Accepted 17 May 2018**Published 5 June 2018***Keywords:**

Marketing, sale, customer participation, financial performance, market success, factories in Shiraz Industrial Park

***correspondence should be addressed**

to Hadi Mazarei. Department of Management, Zarghan Branch, Islamic Azad University, Zarghan, Iran.

Tell: +98:917-738-1362

Fax: +98

Email:

ABSTRACT

Objective: In the last two decades, sales and marketing have increasingly progressed towards customer-oriented marketing strategies. Many recent studies have focused on the role of marketing in the development of new products, but there are few studies on the impact of marketing and sales on customer participation and its outcomes. Therefore, the aim of this study is an exploration of the effect of marketing and sales on customer participation and its impact on the company's financial performance and market success in the factories in Shiraz Industrial Park.

Method This study is a descriptive survey as it intends to explore the impact of sales marketing on innovation based on the proposed variables of the study. The present study will use a survey method for data collection. The study population consists of factories and companies active in Shiraz Industrial Park. Based on the available information and statistics, the average number of factories and industrial enterprises in this province was 1,238 in 2016. The sample size of the study is 185 as determined by Krejcie and Morgan Table (1970). Based on the population and sample size, study questionnaires were distributed among the senior managers of the companies.

Results: The results indicate that functional trust and competition, among the dimensions of communication, formalization of relationships, among the dimensions of exchange, and the performance of the information, among the dimensions of abilities, have a significant effect on sales marketing. It was also found that sales marketing has a significant impact on customer participation. Finally, it was revealed that customer participation has a significant impact on a company's financial performance and market success.

© Copyright 2018 Hadi Mazarei al. This is an open access article distributed under the Creative Commons Attribution License, which permits unrestricted use, distribution, and reproduction in any medium, provided the original work is properly cited.

Introduction

Today, marketing and sales are closely interlinked. A good marketing unit directly affects sales [1]. For decades, marketing and sales literature has emphasized that successful innovation in this area needs to focus on customer needs and understand them better. In fact, both the marketing and the sale of products in organizations require information about customers, and this information can have a significant impact on the marketing and sales of organizations. Therefore, it can be pointed out that today, in order to grow and survive the economic competition, companies and organizations should highly focus on customers and increase their relationship with buyers of goods and services; relationship with customers is the best way to do this [2].

Companies see customer relationship as a tool to increase profitability [3]. Customer relationship is a business strategy that attracts, maintains and improves customers. By implementing customer relationship management, organizations

will be able to do the three above-mentioned tasks at a lower cost, thus maintaining their main competitive advantage, i.e. the customers. According to the 80/20 principle of Koch (1998), 20% of customers account for 80% of the organization's/company's revenues. According to Chablo (2001), attracting a new customer to the organization will cost four to ten times more than the cost of maintaining the current customer. Also, according to Wang (2014), customers with higher levels of loyalty would also have higher income for the company.

Therefore, recent studies point to changing sale practices and the increased strategic role of innovative methods of selling and communicating with customers as well as the distinction between the traditional and modern marketing and sale methods. In fact, in the present situation, with the increasing competition between industries, the saturation stage, the influx of imported products and price pressures,

the sale units have encountered difficulties. A good marketing unit directly affects sales. It needs to identify new and effective markets for your approach and help you find effective customers in the future. The marketing unit can also affect the development of the product and help the organization design pricing strategies and induce creativity [1].

As a matter of fact, as customers' needs and demands are changing rapidly in the food market, appropriate marketing and sale practices play an important role in identifying these needs and in the success of new food products when launching to the market [4]. On the other hand, the results of recent studies indicate the impact of marketing and successful product sale on the financial success of companies and their advantage over rivals. Moreover, it is expected that higher contact between organizations and companies with customers will lead to financial success and competitive advantage. Therefore, the goal of this study is an exploration of the effect of marketing and sales on customer participation and its impact on the company's financial performance and market success in the factories in Shiraz Industrial Park.

Definitions

Customer relationship and participation

Customer relationship can be an attempt to attract, maintain, and improve customer's relationship with the organization [5]. Zehetner et al. (2011) found the most common reasons for the failure of customer relationship projects in the implementation of the approach before developing a customer-focused strategy and before making organizational changes, as well as in misconceptions about the better performance of customer relationship systems. Therefore, it can be said that customer relationship is a continuous effort that needs re-engineering of the main processes from the customer's point of view, with the participation and feedback from them. In the product-oriented approach, the goal is to find customers for products using mass marketing efforts. But in the customer-oriented approach, the goal is to develop products and services to meet customer needs [6].

Therefore, customer relationship evolved through business concepts and processes such as relationship marketing and a high emphasis on customer retention. Customer relationship management and relationship marketing have both improved and, through the effective management of relationships, both emphasize that maintaining existing customer relationships is more effective than creating new ones [7]. Overall, it can be said that the goal of customer relationship is to empower an organization to provide better customer service by creating automated and integrated processes for collecting and processing customer information that will reduce the gap between the company and customers and, with customer loyalty, better service, better information collection, and organizational training, it can lead to organizational success. On the other hand, if we define customer participation, we can say that it is a behavioral notion that designates the actions and resources required by customers for the production of goods and services. Another definition mentioned by Ke and Tau (2001) states that customer participation involves the use of customer knowledge and skills in creating a customer-oriented system in the company and upgrading the system based on customers' feedback and suggestions.

The importance of customer participation

Customer participation makes customers closer to the company and establishes a long-term relationship with the organization so that both the customers and the manufacturing company profit from this relationship. Customer participation leads to production improvement and manufacturing facilities improvement in the company in a way that it reduces production costs and consumed resources.

Marketing and Sales:

Marketing is a social and managerial process in which individuals and groups meet their needs and demands through the creation and exchange of valuable products [8]. In fact, marketing is the process of planning and realization of an idea, pricing, advertising and distribution of goods, services or ideas, in a way that it provides an exchange that satisfies individual and organizational goals. At the same time, marketing is a war, not a war with guns, but a civilized war in which those companies and organizations succeed which use more appropriate words and ideas. In other words, those companies that have updated and integrated marketing management so that they can take action in the fight in the scenes of competition. Marketing and sales generally have common goals in understanding customers' needs and solving their problems by offering more value to customers as compared to rivals [4].

Performance and information development:

According to Kellogg et al. (1997), customers seek information to clarify the services they need and to meet other cognitive needs. They often need to obtain information about the situation and other parameters of services.

Communication

Communication has different connotations such as reporting, expressing, transmitting, connecting, calling, publishing, participating, and publicizing [9]. In fact, there must be a plan to turn a thought into reality. When a plan develops, those people involved in its implementation must communicate. In this context, communication is the means of obtaining the result of the work of others and is defined as the process of transmission and reception of information [10].

The Background of the study

In a study titled "Improving the Marketing and Sales System: Case Study of Pars Opal Co. of Kashan", Noursina and Heidari (2015) argue that marketing and sales are closely interlinked today. A good marketing unit directly affects sales. Marketing has always been a part of the business process, but because of the nature of the marketing and sales process, so far it rarely has been tailored for the industry. The aim of this paper is also improving the marketing and sales system at Pars Opal Company of Kashan. The results of this study indicate that there is a significant relationship between marketing and product sales. Other results show that there is a significant relationship between sales and sales performance as well as transformational leadership. But there is no significant relationship between demand and competition, on the one hand, and product sales, on the other.

In a study titled "Prioritizing the Effective Factors on the Marketing and Sales of New Products in Small and Medium-Sized Businesses in the Field of Food Biotechnology", Kanaani (2015) argues that the needs and desires of customers

in the food product market are changing rapidly. As a result, appropriate marketing and sales practices play an important role in identifying these needs and in the success of new food products when launching to the market. This study focuses on the prioritization of factors affecting the marketing and sales stages of the process of the new product development in small and medium-sized businesses active in the field of food biotechnology. The results of the study verify the four factors of the marketing mix (price, product, distribution, and promotion) in the marketing and sales dimensions of the new product development process. Test results showed that price, product, promotion, and distribution are respectively important.

SungHee Yoon and YenYoo You (2016) explored the impact of advisors' verbal communication on the satisfaction, trust, and orientation of long-term customer relationships. They analyzed 142 surveys conducted between July 10, 2015, and August 16, 2015, and found that, among the specific features of non-verbal communication, the appearance language and spatial language had a significant effect on customer satisfaction. It was discovered that body language, spatial language, and appearance language had significant effects on customer trust. Non-verbal communication also had a significant impact on customer satisfaction and long-term customer relationship orientation[13].

Wang (2014) states that over the past few years organizations have wisely invested in the customer relationship management system to attract customers, although some organizations have succeeded and some have failed at it. Today, however, creating and maintaining customer relationship is a new concept that is being discussed in the context of customer relationship management, it is not just about selling products and services, but also for accessing customers' information and knowledge. The main objective of this study is to explore the effect of relationship tactics on perceived relationship investment. The results of this study show that social and structural links lead to a high understanding of customers and result in higher customer loyalty, while financial link has a reverse relationship with customer perception.

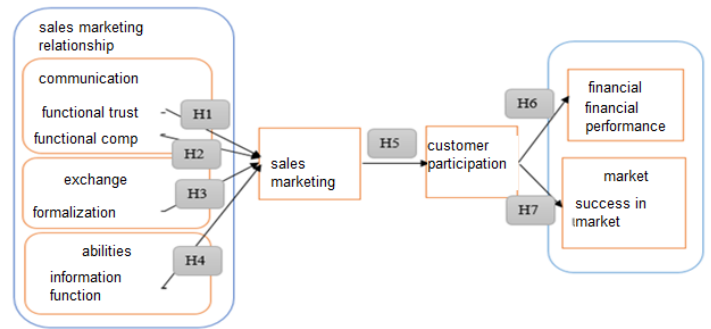
In a paper titled "Reviewing the Importance of Communications in the Retail Industry", Irabatti (2012) showed that, due to extensive differences in demographic characteristics, the views on the non-verbal communication of vendors are also different. This study suggests that business owners and employers effectively educate their vendors so that they can identify the needs of each customer and convince them through their communication skills, especially non-verbal communication, to have a successful selling.

The model of the study:

From a view, the methodology is a systematic, logical and principled study that guides scientific exploration. From this viewpoint, the methodology is a branch of logic or even philosophy. Another view takes methodology as a branch of science. In contrast, Talcott Parsons believes that methodology is not primarily concerned with empirical research methods such as statistics, case studies, interviews, etc. , it is rather a consideration of the general context for the validity of scientific work. The methodology is neither exactly a philosophical nor exactly a scientific discipline. Different thinkers have created different categories based on different criteria such as goal, time, depth, extent, application, and researcher's degree

of control and presented a variety of studies in their works [11]. This study employs Keszey and Biemans's model (2016).

Figure1. model Keszey and Biemans's



The following hypotheses are presented in this context:

Functional trust, which is a dimension of communication, has a significant effect on sales marketing.

Functional competition, which is a dimension of communication, has a significant effect on sales marketing.

Formalization of relationships, which is a dimension of exchange, has a significant effect on sales marketing.

Information function, which is a dimension of abilities, has a significant effect on sales marketing.

Sales marketing has a significant impact on customer participation.

Customer participation has a significant impact on the financial performance of the company.

Customer participation has a significant impact on market success.

Method

This study is a descriptive survey as it intends to explore the impact of sales marketing on innovation based on the proposed variables of the study. The present study employs a survey method for data collection. Survey is a method for obtaining information about the views, beliefs, opinions, behaviors or characteristics of members of a statistical population. In this method, questionnaire is one of the common tools and a direct method for obtaining the data of the study. The questionnaire is a set of questions (items) to which respondents answer. This answer is the data needed by the researcher. In this study, the field method and the questionnaire were employed for data collection. The questions were scored on a 5-point Likert scale. In this study, McAllister (1995) questionnaire (5 questions) was employed for assessing functional trust, Maltz and Kohli (1996) questionnaire (5 questions) was employed for assessing functional competition, formalization of relationships was assessed by Ruekert and Walker (1987) questionnaire (4 questions), information function was evaluated by Anderson et al. (1981) questionnaire (5 questions), sales marketing was assessed by Homburg et al. (2008) questionnaire (6 questions), customer participation was evaluated by Keszey and Biemans (2016) questionnaire (6 questions), financial performance was assessed by De Luca et al. (2007) questionnaire (4 questions) and, finally, market success in comparison to other rivals was evaluated by Keszey and

Biemans (2016) questionnaire (5 questions). In order to standardize the questionnaire, its validity and reliability should be evaluated. Different methods are employed for assessing validity. In this study, as variables consist of multiple dimensions (components), confirmatory factor analysis was employed in addition to experts' comments to determine the validity of questionnaires. During factor analysis it must be ensured that the available data can be employed for analysis. In other words, the researcher should ask whether the data are appropriate for factor analysis. The KMO index and the Bartlett test were employed for this purpose. Based on these two tests, the data are suitable for factor analysis when the KMO index is greater than 0.6 and close to 1, and the Bartlett test sig. is less than 0.05. Cronbach's alpha was also employed for exploring the reliability of the questionnaire. In this study, the questionnaires were first distributed and then, using the data obtained from these questionnaires, the confidence coefficient was calculated by the SPSS using Cronbach's alpha. The obtained values, as shown in the following table, are larger than 0.7, so it is clear that the relevant questionnaires have a desirable reliability. The results are as follows:

Table 1. Test results for the reliability and validity of the questionnaire

	Fu nct ion al tru st	Fu nct ion al co mp eti tio n	For mal iza tion of rela tion ships	Infor for mati on func tion	Sales mar ketin g	Cus tome r par tici pa tion	Fi nan cial per for ma nce	Mar ket suc cess
No. of questions	5	5	4	5	6	6	4	5
Chi-square	15 2.7 03	68. 16 2	14 9.7 17	87. 25 0	1 45. 28	1 07. 87	1 3 4.	1 1 9.
Ap prox. Chi square	1010.448							
df	20	16	16	22	26	27	21	23
KMO and Bart lett's	0.7 62	0.89 3	0.69 6	0.6 45	0.7 68	0.8 05	0.8 06	0.8 00

Test								
Kaiser-Meyer-Olkin Measure of Sampling Adequacy	0.831							
Asymp. Sig.	0.0 00	0.0 00	0.0 00	0.0 00	0.0 00	0.0 00	0.0 00	0.0 00
Cronbach's Alpha	0.8 12	0.8 20	0.8 18	0.8 92	0.7 86	0.8 56	0.8 30	0.7 19

The study population consists of factories and companies active in Shiraz industrial parks. Based on the available information and statistics, the average number of factories and industrial enterprises in this province was 1,238 in 2016. A sample is a set of our observations of the studied population [12]. The sample size of the study is 185 as determined by Krejcie and Morgan Table (1970). Based on the population and sample size, study questionnaires were distributed among the senior managers of the companies.

Findings

We now look at the hypotheses made in this study:

Table2.The hypotheses of the study

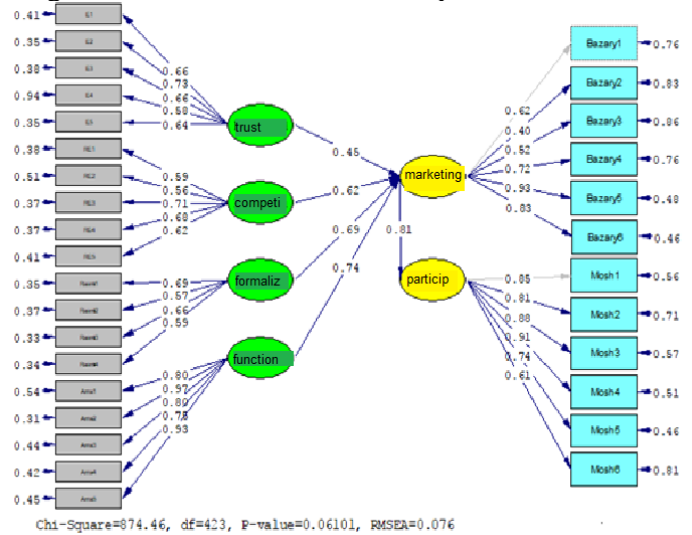
Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	R	R Square	F	Hypothesis approved/rejected
	B	Std. Error	Beta						
1	Constant	2.012	0.017	11.37	0.000	0.371	0.138	29.094	Hypothesis approved
	Functional trust	0.397	0.012	5.39	0.000				
2	Constant	1.917	0.017	11.364	0.000	0.393	.154	3.16	Hypothesis ap-
		0.75	0.012	5.39	0.000				

	Fu nctio nal com- peti- tion	0 9 7 5	0. 0. 7 5	0.393	5.7 59 00	0. 00 0					prov ed
3	Co nstan t	1. 5 7 5	0. 1 9 0		8.3 03 00	0. 00 0	0. 48 6	.2 3 6	5. 3 9		Hy- poth esis ap- prov ed
	For- mali- za- tion of rela- tion- ships	0. 5 3 3	0. 0 7 1	0.486	7.4 79 00	0. 00 0					
4	Co nstan t	1. 3 6 5	0. 1 4 2		9.6 44 00	0. 00 0	0. 65 6	0. 4 3 1	1 3 6 8		Hy- poth esis ap- prov ed
	In for- matio n func- tion	0. 5 5 3	0. 0 4 7	0.656	11. 69 00	0. 00 0					
5	Con- stant	0. 6 8 8	0. 1 7 4		3.9 62 00	0. 00 0	0. 73 4	.5 3 4	2 1 2		Hy- poth esis ap- prov ed
	Sa les mar- ketin g	0. 8 3 0	0. 0 5 7	0. 734	56 5	00					
6	Con- stant	.3 7 5	0. 1 6 1		2.3 31 02	0. 02 1	0. 77 7	0. 6 7 3	2 7 8		Hy- poth esis ap- prov ed
	Cus- tome r par-	0. 8 2 0	0. 0 5 0	0.777	16. 54 00	0. 00 0					

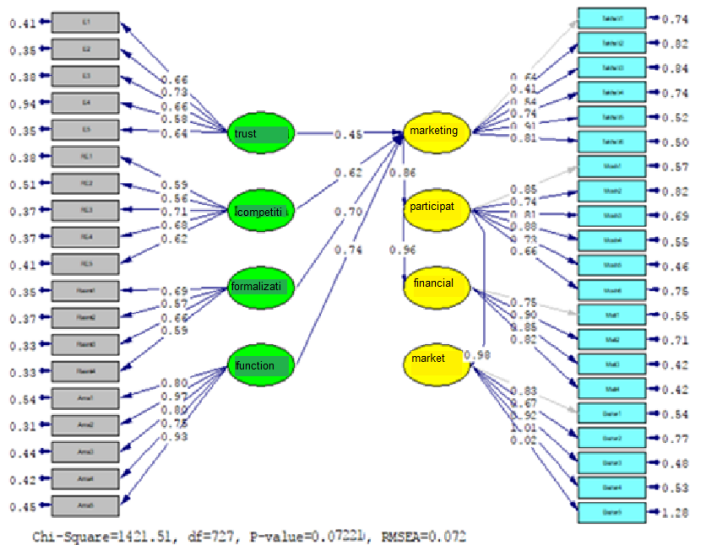
participa- tion												
7	Con- stant	1. 0 0 2	0. 1 5		6.4 71 00	0. 00 0	0. 71 1	0. 0 5	0. 71 5	0. 5 0	1 8 5 7	Hy- poth esis ap- prov ed
	omer par- ticipa- tion	0. 6 4 9	0. 0 4 8	0.711	1 3. 6 7	0. 00 0						

The results of the structural equations are as follows:

Figure 2. Results of the structural equations



As $RMSEA \leq 0.1$ and $P \geq 0.05$, the test results are acceptable.



As $RMSEA \leq 0.1$ and $P \geq 0.05$, the test results are acceptable.

Table 3. Test results

<i>P</i>	<i>IFI</i> <i>in-</i> <i>cremen-</i> <i>tal in-</i> <i>dex of</i> <i>fit</i>	<i>CFI</i> <i>com-</i> <i>parative</i> <i>fit index</i>	<i>CMIN/</i> <i>DF</i> <i>(chi</i> <i>square/d</i> <i>egree of</i> <i>freedom).</i>	<i>P</i> <i>NFI</i>	<i>P</i> <i>CFI</i>	<i>R</i> <i>MSE</i> <i>A</i>
0.0 7221	0.904	0.902	1.9953	0 .63 1	0 .62 2	0. 072

Conclusion and recommendations

While exploring the study hypotheses, it was found that functional trust and functional competition, from the communication dimensions, had a significant effect on sales marketing. The correlation between the two components of functional trust and marketing sales was 0.371 and the correlation between functional competition and marketing sales was 0.393. These results are consistent with those of Keszey and Biemans (2016) and Drechsler et al. (2013). As a result, it is suggested that, in general, companies develop their communications with customers and their rivals at the national level for identification of the needs and demands of customers and also the identification of the strengths and weaknesses of their rivals in the market. During the exploration of the next hypothesis, it was found that the formalization of relationships, which is a dimension of exchange, had a significant effect on sales marketing. The results of this study are in line with those obtained by Maltz and Kohli (1996) and Homburg et al. (2015). The correlation between these two components was 0.486. According to the results, it is suggested that companies rebuild and update their exchanges by modeling international companies. In exploring the fourth hypothesis of the study, it was determined that information performance, among the dimensions of abilities, had a significant effect on sales marketing. The result is consistent with that of different studies conducted so far. Therefore, it is suggested that companies and factories improve the conditions for information management by concluding contracts with the firms active in information technology and information management. Companies can also implement information management systems for the reduction of administrative bureaucracy, improve information transparency and, more importantly, organizational agility.

In exploring other hypotheses, it was found that sales marketing had a significant effect on customer participation, and customer participation had a significant effect on the company's financial performance and market success as compared to rivals. It is, therefore, suggested that companies communicate with their clients by launching social networking pages and creating forums (chat rooms on the website) for identification of the shortcomings and also for promoting new services. Furthermore, the firm can expand their advertising opportunities through expanding their communications with customers.

References:

[1]. Noursina and Heidari (2015). Improving the marketing and sales system: a Case study of Pars Opal Co. of Kashan. *New Research in Humanities*, summer 2015, Vol. 1, No. 4.

[2]. Bentuwan L, Chaipoopirutana S, Combs H. Effective customer relationship management of health care: a study of hospitals in Thailand. *Journal of Management and Marketing Research* 2010; 1-12.

[3]. Ahmadi, Fereydoun; Hasanzadeh, Touraj (2011). Organizational citizenship behavior, customer relationship management and organizational performance of food production and distribution companies. *Business Management Perspective*, winter 2011, No. 41, 113-130.

[4]. Kanaani, Amene (2015). Prioritizing the effective factors in the marketing and sales of new products in small and medium-sized businesses in the field of food biotechnology. *Entrepreneurship Development*, summer 2015, No. 24, 333-352.

[5]. Wang, Stephen W (2014) "The moderating effects of involvement with respect to customer relationship management of the airline sector" *Journal of Air Transport Management* 35 (2014) 57e63

[6]. Chen, C.F., Chang, Y.Y., 2008. Airline brand equity, brand preference, and purchase intentions e the moderating effects of switching costs. *J. Air Transp. Manag.* 14 (1), 40e42.

[7]. Zineldin, M. (2005), "Quality and Customer Relationship Management (CRM) as Competitive Strategy in the Swedish Banking Industry", *The TQM Magazine*, 17, (4). 54-75.

[8]. Kotler. P, Wong. V, Saunders. J, and Armstrong, G. (2005), "Principles of Marketing". 3rd European ed, Person Education: Rotolito Lombarda, Italy

[9]. De Luca, L. M., & Atuahene-Gima, K. (2007). Market knowledge dimensions and cross-functional collaboration: Examining the different routes to product innovation performance. *Journal of Marketing*, 71(1), 95-112.

[10]. Maltz, E., & Kohli, A. K. (1996). Market intelligence dissemination across functional boundaries. *Journal of Marketing Research*, 33(February), 47-61.

[11]. Zehetner, A., Sudarević, T., Pupovac, L., (2011). Different views and potential pitfalls in the implementation of CRM. *Management Information Systems*, 6(1), 008-015.

[12]. Irabatti, P. (2012). Study on Increasing Importance of Nonverbal Communication in Retail Industry. *Journal of Research in Commerce & Management*, 1(4), 96-103.

[13]. SungHee Yoon, SangBong Kim, JungRyol Kim and YenYoo You (2016). A study on the Impact of Consultants' Nonverbal Communication on Customer Satisfaction, Trust, and Long-term Relationship Orientation of the Client Firm. *Indian Journal of Science and Technology*.9(26), July